



**America's
Credit Unions**

October 24, 2025

Ms. Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

RE: Office of Management and Budget Request regarding Fidelity Bond and Insurance Coverage (RIN 3133-0170)

Dear Ms. Conyers-Ausbrooks:

On behalf of America's Credit Unions, I am writing in response to the National Credit Union Administration's (NCUA) notice and request for comment (RFC) on an information collection to be submitted to the Office of Management and Budget (OMB) pertaining to the agency's Fidelity Bond and Insurance Coverage regulations found in section 704.18 and Part 713.¹ America's Credit Unions is the voice of consumers' best option for financial services: credit unions. We advocate for policies that allow the industry to effectively meet the needs of their over 144 million members nationwide. Certain aspects of the current regulations, particularly those related to board review, approval, and signature requirements, impose significant burden without meaningfully improving safety and soundness. As such, we offer below suggestions on how the agency can improve the current rule without compromising its effectiveness.

Board Signature and Approval Requirements

Section 704.18 and Part 713 of the NCUA's regulations require a credit union's board of directors to review and approve fidelity bond coverage, including signing bond renewal documentation.² In addition, the NCUA requires board approval to follow a rotation of signatories³ and prescribes procedures for renewal and documentation.⁴ While fidelity bond coverage is a critical risk-management tool for credit unions of all sizes, these requirements have become increasingly complex over time and now present significant operational challenges, especially for smaller credit unions with limited staff or boards whose meeting schedules do not always align with required approval timelines.

The complexity of these procedures appears disproportionate to the risk they are designed to mitigate. While the NCUA has cited past instances where renewal or continuation documents included problematic language or were linked to coverage disputes, it is unclear whether these

¹ 90 Fed. Reg. 41,419 (Aug. 25, 2025).

² 12 C.F.R. § 704.18, pt. 713.

³ 12 C.F.R. § 704.18(b).

⁴ See 12 C.F.R. §§ 713.2(b), 713.3, 704.18.

issues were common or that the extra procedures would have actually reduced the risk of losses from inadequate coverage or internal fraud.⁵ Instead, they have added extra steps, taken up board time, and diverted attention from member service and other important priorities.

One of the most frequent concerns we hear relates to the requirement that a credit union's board must review and personally sign off on fidelity bond renewals.⁶ This requirement often conflicts with how boards actually operate. Meeting schedules do not always line up with renewal dates, and getting all the required signatures can lead to delays and extra work. For smaller credit unions, these steps can be particularly difficult to manage.

In addition, the mandatory rotation of signatories adds another layer of complexity without a clear reduction to risk. Rotating signatories does not improve the board's understanding of the coverage or reduce the risk of internal fraud. Further, having the board itself, rather than management, the supervisory committee, or another group, handle the review and approval likely does not reduce risk. It is questionable whether these requirements have made a significant difference in preventing internal fraud.

Recommendations to Modernize and Streamline Existing Requirements

We urge the NCUA to periodically reevaluate whether these requirements remain necessary and whether they continue to achieve their intended objectives. We offer below several recommendations that would help ensure that fidelity bond requirements remain effective and appropriate while reducing unnecessary burden on credit unions, allowing them to focus on serving their members and communities.

We urge the NCUA to assess the continued necessity of the board signature requirement. The agency should determine whether requiring board members to personally sign bond renewals meaningfully reduces risk, or whether supervisory objectives can be met through other means. In addition, the NCUA should allow greater flexibility in the approval processes. Credit unions should be permitted to delegate fidelity bond review and approval to the supervisory committee, management, or another appropriate governing body, with the board retaining ultimate oversight through periodic reporting or sign-off.

As referenced above, the agency should consider eliminating or modifying the signatory rotation requirement. This requirement adds complexity without obvious benefit. If retained, credit unions should have discretion to determine how and when to rotate signatories based on how their board is organized.

Lastly, the agency should make board review fit more closely with normal governance practices. Instead of requiring approval for each renewal, the NCUA could allow the board to review and

⁵ See 83 Fed. Reg. 59,318, 59,323 (Nov. 23, 2018); 84 Fed. Reg. 35,517, 35,518–19 (July 24, 2019).

⁶ 12 C.F.R. 713.2(b).

sign off on coverage once a year, which would greatly reduce scheduling challenges and extra paperwork, especially for smaller credit unions with limited staff.

Conclusion

America's Credit Unions appreciates the opportunity to comment on the RFC regarding fidelity bond and insurance coverage. Fidelity bond coverage is a key part of credit unions' risk management, and the rules around it should be necessary, effective, and no more burdensome than needed. Should you have any questions or require any additional information, please contact me, Regulatory Advocacy Senior Counsel at LMartone@americascrreditunions.org or (202) 508-6743.

Sincerely,

A handwritten signature in blue ink that reads "Luke Martone". The signature is fluid and cursive, with the first name "Luke" and last name "Martone" clearly distinguishable.

Luke Martone
Regulatory Advocacy Senior Counsel